

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	EUR	GBP	CNY
4.13%	3.84%	\$2,026.60	\$44.40	0.04%	0.39%	0.53%	0.96%	83.95	97.96	108.61	11.84
4,545.15	7,801.46	(per ounce)	(per barrel)	38,040.57	22,329.94	2,545.51	3,354.04	84.95	101.76	112.41	12.45

এসআইবিএল ডেবিট কার্ডের মিল ২০,০০০ টাকা পর্যন্ত বিকাশ আবেদন পরিশোধ করে উপভোগ করুন। ১৫ ইনস্ট্যান্ট ক্যাশব্যাক, সর্বোচ্চ ২০০ টাকা পর্যন্ত অফারটি চলবে ৩১ আগস্ট, ২০২০ পর্যন্ত।

www.sibbd.com

Star BUSINESS

DHAKA MONDAY AUGUST 10, 2020, SRABAN 26, 1427 BS • starbusiness@thedailystar.net

Pandemic derailed development works. Planning minister is buckling down to get it back on track

REJAUL KARIM BYRON

The government has decided to prepare a roadmap to ensure full implementation of the annual development programme this fiscal year after development expenditure fell to a 27-year low in fiscal 2019-20.

"The ADP implementation was slow last fiscal year but none of us was responsible for it," Planning Minister MA Mannan told The Daily Star yesterday.

Development activities came to a screeching halt after the government was forced to implement a countrywide shutdown from 26 March to rein in the rising COVID-19 caseload in Bangladesh.

For the next two months, when spending typically heats up to show a flattering result for the full year, ADP implementation was virtually on recess.

While spending was back on track in June, soon after the shutdown was lifted on 30 May, it was not enough to prevent the lowest ADP implementation rate since fiscal

1993-94, data from the Implementation Monitoring Evaluation Division (IMED) showed.

The ministries and divisions managed to spend Tk 161,857 crore in fiscal 2019-20, which was 80.45 per cent of the total allocation for the year.

Mannan is now determined to make up for lost ground such that Bangladesh's development ambitions are not derailed any further.

He has decided to convene a meeting of the secretaries on Thursday to formulate a roadmap, said an official of the planning ministry.

During the meeting, the minister would instruct the secretaries to put in stronger effort to make up for the holdups caused by the global coronavirus pandemic.

The development budget for this fiscal year is Tk 205,145 crore, which is 6.3 per cent more than last year's.

"ADP is the government's main investment programme. So, the secretaries have to identify the obstacles so that the government can remove them and accelerate the implementation," Mannan said.

Projects directors don't remain present at the construction sites all the time. As a result, monitoring is found wanting most often, he said.

"The secretaries are largely responsible for this.



MA Mannan

PRABIR DAS

They will have to make sure that projects under the ministries are carried out smoothly," he added.

The planning ministry would instruct the secretaries to embark on implementing projects in full swing from September. Development activities usually retard in July and August for monsoon.

The meeting would also discuss the issues of cost- and time-overruns of projects, a regular phenomenon in Bangladesh, the official said.

Speaking about mega projects, Mannan said the economy would receive a major boost once the priority projects are implemented.

"The secretaries should be careful so that the mega projects don't face any more delays."

The construction of the projects such as the Padma bridge, Payra deepsea port and Karnaphuli river tunnel has been going on despite the pandemic, he said.

READ MORE ON B3

NRBs can now park their funds in FDR, DPS

AKM ZAMIR UDDIN

Non-resident Bangladeshis (NRBs) can now keep their funds in the form of Fixed Deposit Receipts (FDR) and Deposit Plus Schemes (DPS) with local lenders following a central bank directive yesterday.

The move comes as part of the government's efforts to channel in \$3-\$5 billion in additional remittance from expatriate Bangladeshis this fiscal year from fiscal 2019-20's record-setting \$18.2 billion.

This fiscal year already started on a strong footing: \$2.6 billion flew in July, which is a record for a single month. Finance Minister AHM Mustafa Kamal credited the 2 per cent cash incentive on remittance that he introduced last fiscal year for the surge in inflows that are beating all odds.

Last week, the finance ministry said all steps would be taken to bring in higher remittance through the legal channel. This latest notice from the central bank, it appears, is part of the drive.

Banks will have to introduce dedicated NRB deposit products for the Bangladeshi diaspora so that they can keep their hard-earned money in banks on a long-term basis at attractive interest rates.

The deposit accounts will have to be opened in the form of a savings accounts for a minimum of one year, according to a notice from the Bangladesh Bank.

The accounts can also be opened without any initial fund for people who are set to go abroad for employment purposes.

Earlier, the NRBs were allowed to open savings or current accounts with banks but did not get favourable interest rates against their fund.

With this backdrop, they were compelled to make deposits through relatives, leading to complexities for the NRBs in many cases when attempting to securely avail the funds, said a central bank official requesting anonymity.

Experience Versatility Find Out More

dbi

Hotline: 01713 656565

Dairy farmers' latest blow after pandemic: floods

MAHMUDUL HASAN

Rajib Miah, a dairy farmer from Shahjadpur upazila in Sirajganj, thought the worst was behind him when the government lifted the countrywide shutdown on 30 May and was looking forward to recouping the losses brought on the pandemic.

But his hopes were dashed on one fateful night last month that saw floodwater submerge his cowshed.

He rushed to the shed and rescued his 18 cattle and took them to a street nearby. Since then, the cows have made the street their homes.

Miah's perils did not end there. As the protracted flooding inundated grazing lands, he was compelled to sell two of the cows to feed the rest of the cattle as his earnings from selling milk plummeted.

Now, he can't collect even half the amount of milk he was used to as his cows are not fed adequately.

"I don't know how I would be able to recoup the losses and when everything would return to normalcy," he told The Daily Star.

Miah is not alone as thousands of farmers like him across the country received the fresh blow of flood after the coronavirus.

Milking by Md Ripon and Md Rafiqul Islam in Chatmohar of Pabna, who have seven and four cows respectively, dropped 30 to 35 per cent in the last one month due to flooding.

Around half of the daily production of milk remained unsold for the first two months since the deadly virus arrived



PALASH KHAN

Dairy farm workers are seen taking care of cattle at the rooftops of the farmer's house adjacent to the farm in Ashulia recently. Thousands of farmers had to shift their cattle to streets and other high ground because of the countrywide flood that has submerged cow sheds across the country. Milk production has dropped significantly because of a scarcity of cattle feed as flood inundated almost all of the grazing lands across the country.

on the shores of Bangladesh in March.

Due to the closure of sweet shops, restaurants, hotels and schools and the countrywide movement control order, demand for milk nosedived between May and June.

Just when the demand was picking up, on came the floods.

Milk production averages 2.2 crore litres daily in Bangladesh. But due to floods, production went down 25 per cent, according to industry insiders.

Processors buy 14 lakh litres and the rest is sold to sweet shops and households. Farmers sell milk to processors for Tk 35 to Tk 47 a litre.

Milk collected by Brac Dairy & Food Enterprise, which markets products under the Aarong Dairy brand, fell 25 per cent to 1.1 lakh litres per day due to the floods.

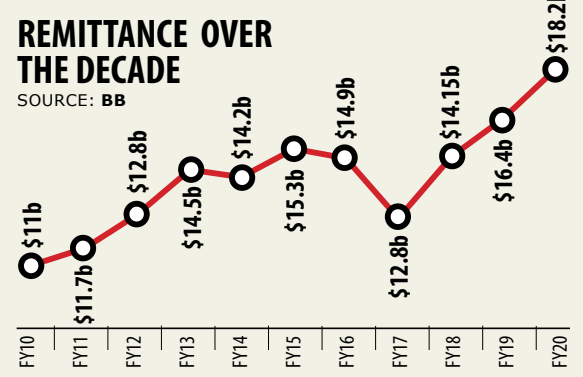
Aarong Dairy's sales plummeted more than 40 per cent in May and June, said Mohammad Anisur Rahman, a director of Brac Dairy & Food Enterprise.

The floods inundated more than 30 per cent of its 108 collection centres in Pabna, Sirajganj, Natore, Bogura and Kurigram.

At the beginning of the shutdown put in place to tame coronavirus, Aarong Dairy bought about 1.7 lakh litres of the liquid per day, up from an average daily collection of 1.25 lakh litres.

But within two weeks, the milk processor, which has 28,000 registered farmers, had to stop buying the extra milk after demand collapsed.

READ MORE ON B3



Now, however, the Bangladeshi expatriates can deposit their money as FDRs if they transfer the fund by way of declaring it as Foreign Money and Jewellery (FMJ) or completing the foreign currency declaration form.

Any amount of foreign currency may be brought in by an incoming passenger with the declaration to the relevant customs authority in FMJ form.

However, no declaration is required for amounts of up to \$5,000 or equivalent in other currencies.

The central bank has asked banks to provide competitive interest or profit against the deposit products.

Banks were previously allowed to extend loans to non-resident account-holders if they had met their personal requirements on funds placed in a deposit account.

Once mature, banks could pay the proceeds of the deposits, including interest or profit, to the beneficiaries or nominees of the account.

If account-holders that reside abroad see fit, the proceeds from their matured accounts could be credited into interest or profit bearing FDR accounts that bear their names.

If the NRB decides to move to Bangladesh permanently, the proceeds can be made available to them through either a one-time settlement or pension style monthly or quarterly settlement.

NRBs can also continue to maintain the deposits from local sources following their return to Bangladesh.

The BB notice included an option to repatriate payments abroad from the balances held in the deposits on maturity or before maturity for meeting subsistent needs with permission from the central bank.

The initiative will help NRBs to create a safety net in Bangladesh, the BB official said.

They will not face financial difficulties following a permanent return to Bangladesh as the deposited fund will help them meet their expenses.

This is a time-befitting initiative beyond doubt, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank. This will also encourage NRBs to send their money home using formal channels, he added.

Bangladesh leans to China for Teesta management amidst Indian neglect

JAGARAN CHAKMA

With years of diplomatic negotiations with India over the Teesta river's management leading to no visible output, the Ministry of Water Resources is now seeking to get it done by China, that too with a loan from the latter.

In a letter to the Economic Relations Division (ERD) last month, the ministry sought a \$983.27 million loan from China to implement a "Teesta River Comprehensive Management and Restoration Project".

The project summary states that floods lead to serious erosion for a lack of necessary protective measures, leaving huge amounts of property and home estates submerged every year.

The majority of an existing embankment has been eroded for a lack of proper maintenance while a

water crisis arises in the dry winter months.

Some 113 kilometres of the 315-kilometre river lies in Bangladesh.

There are three to four hydro-electricity projects on Teesta in Sikkim, India where the river originates and two irrigation projects in West Bengal, according to Syed Muazzem Ali, a former Bangladesh high commissioner to India.

A dam constructed on the Indian side causes the water flow to reduce downstream in winter, leading to a water crisis for two months on the Bangladesh side, said Md Kabir Bin Anwar, senior secretary to the ministry.

A deal on sharing Teesta's waters has been pending for the last eight years due to West Bengal Chief Minister Mamata Banerjee's strong opposition to it.

"If we can implement the project, a vast area on the Bangladesh side can be supplied with water during the crisis season," Anwar said.

The project not only aims at river regime and flood control but also to meet a water crisis in the dry season and enable economic development in the greater Rangpur region.

Its other aspects are land reclamation, development and utilisation, transportation and shipping, mitigation of social and environmental impact and restoration of ecosystem and promoting socio-economic development of locals.

The ministry is keen to implement the project to improve agricultural output in the Teesta river basin, develop a large-scale industrial park and establish a unique, modern and liveable urban complex.

READ MORE ON B3

অর্থনৈতিক সমৃদ্ধির নতুন দুয়ার
ট্রাস্ট ব্যাংক লিমিটেডের
১১৩ তম শাখার
৩৬ উদ্বোধন
পায়রা বন্দর
পটুয়াখালী

Trust Bank
A Bank for Financial Inclusion

ট্রাস্ট ব্যাংক
সমন্বয়, সঞ্চয়ন, সফল জন

www.TrustBank.com



SOUTHEAST BANK Southeast Bank has shifted its Pragati Sarani branch to its own premises at Pearl Trade Centre in Badda, Dhaka. M. Kamal Hossain, managing director of the bank, opened the branch yesterday.

Brazil's biggest lenders let clients delay \$44b in payments

REUTERS, Sao Paulo

Brazil's top four listed lenders are giving months-long extensions for consumers and companies to repay 235 billion reais (\$43.98 billion) in outstanding loans, a move to give financially squeezed borrowers breathing room.

The loans subject to forbearance programs, which range from 13 per cent of Banco Santander Brasil SA's portfolio to 10 per cent of Itau Unibanco Holding SA's, are an indicator of potential defaults. It was unclear how many borrowers, squeezed during the coronavirus crisis, will be able to pay their debts once the grace periods end.

The extensions, granted between March and June, vary from 60 to 180 days, depending on the bank. That echoes the situation at their U.S. cohorts, some of which acknowledge more loans may go bad as forbearance plans expire.

Banco do Brasil SA has offered extensions on 11.6 per cent of its portfolio, while Banco Bradesco SA has done so on 12.75 per cent.

Executives have declined to make firm predictions for future losses. They have said defaults may be smaller than initially feared, pointing to preliminary signs the Brazilian economy could recover.

Still, bank CEOs speaking in conference calls over the past two weeks were unanimous in predicting that 90-day default ratios would spike by year-end or the beginning of 2021, when the forbearance periods end. The ratio stands at around 3 per cent for the country's biggest lenders.

They were divided over how bad things could get, with Itau's CEO Candido Bracher expecting default ratios to reach all-time highs, while Bradesco's CEO Octavio de Lazari said in an interview it is likely to be around 3.7 per cent.

"Loan delinquency rates are likely to be worse than in previous crises, but recovery should also be faster," said Goldman Sachs' equity analyst Tito Labarta.

Brazil's declining benchmark interest rates, cut again on Wednesday to a record low of 2 per cent, could make debt burdens more manageable than in the past, Lazari added. In 2016, amid Brazil's most recent recession, interest rates were at 14.25 per cent.

Brazil's four biggest lenders have already set aside 18.9 billion reais in extra COVID 19-related loan provisions in the last two quarters, depressing profits.

"In Latin America, Brazilian banks should have the best performance amid the coronavirus crisis, as they have already increased provisions a lot," said Labarta.

A new bill approved by Brazil's Senate on Thursday evening capping interest rates on credit card debt and overdraft lines at 30 per cent per year is likely to add more pressure on banks, if the country's lower house also approved it.

UK says progress made on Brexit; EU trade deal can be done

REUTERS, London

Britain's top minister overseeing Brexit talks said on Friday that progress had been made with the European Union so he believed the two sides would clinch a free trade agreement.

The United Kingdom left the EU on Jan. 31 but the main terms of its membership remain in place during a transition period until the end of this year, during which time both sides hope to negotiate a new free trade deal.

"All the evidence is that we are making progress with the European Union," Michael Gove told reporters in Northern Ireland. "I believe that there will be a successful negotiated outcome." While Britain has always said it believed a deal was possible, the tone of the comments from Gove - one of the most senior Brexit supporters in Prime Minister Boris Johnson's government - was distinctly more positive than in recent months.

In late May, for example, Gove was demanding that the EU break the impasse in talks. Failure to reach a deal would convulse global trade just as the world aims to exit the coronavirus lockdown.

The European Union is willing to compromise by softening its demand that Britain heed EU rules on state aid in the future, diplomatic sources told Reuters earlier this month.

They said Brussels could go for a compromise entailing a dispute-settling mechanism on any state aid granted by the UK to its companies in the future, rather than obliging London to follow the bloc's own rules from the outset.

"The relationship that we have with the European Union is constructive, pragmatic and impressive," Gove said, adding that he thought a deal could be done though there was more work to do.

Britain and the EU have planned more trade negotiations all the way until Oct. 2, less than a fortnight before a summit where the bloc hopes to endorse any agreement with London.



Britain's cabinet office minister Michael Gove



REUTERS/FILE A woman wearing a protective face mask walks in front of Banco do Brasil (Bank of Brazil) cultural building during the coronavirus disease outbreak, in Sao Paulo, Brazil.

Twitter, TikTok discuss potential combination: WSJ

AFP, New York

Twitter is in preliminary discussions for a possible combination with TikTok, the Wall Street Journal reported Saturday, after US President Donald Trump said he would ban the app, calling it a threat to national security.

Trump declared Thursday that the popular Chinese video app TikTok and social network WeChat "threaten the national security, foreign policy, and economy of the United States."

"In an executive order, Trump gave Americans 45 days to stop doing business with the platforms, effectively setting a deadline for a sale of TikTok by its Chinese parent firm ByteDance.

He has also demanded that a significant portion of the sale go to the US Treasury. Microsoft has been the primary suitor for TikTok, saying it was in talks to buy the

company's US, Canada, Australia and New Zealand operations.

The Financial Times reported Thursday that Microsoft has expanded negotiations and was now after the app's entire global operations.

As a smaller company, Twitter would have a long-shot bid for TikTok, but the social media platform believes it would come under less antitrust scrutiny than larger corporations such as Microsoft, the WSJ said, citing people familiar with the talks.

Twitter, however, would likely need the support of other investors to complete the combination.

While Twitter does allow for the sharing of videos, most posts contain short text messages and photos or GIFs.

In 2012 Twitter acquired the platform Vine, which allowed users to share short videos, but shut down the service in 2016.

Dairy farmers' latest blow after pandemic: floods

FROM PAGE B1

The company's storages were also overwhelmed by 1 lakh tonnes of UHT (ultra-high temperature) milk and 150 tonnes powdered milk, according to Rahman.

Milk production by Akij Dairy, which sells under the Farm Fresh brand, halved to about 28,000 litres per day.

"The floods inundated the houses and farmhouses of dairy farmers. Almost all the grass fields, one of the sources of cow feed, are now underwater," said Md Mosleh Uddin, chief executive officer of Akij Dairy.

In April and May, the sales of milk of Farm Fresh brand, which collects the liquid food through its 35 chilling centres from farmers mainly in Pabna, Sirajganj, Jashore, Khulna and Chapainawabganj, crashed 40 to 45 per cent.

"This has been a bad year for the dairy industry in Bangladesh so far. Unless all educational

institutions, hotels and restaurants reopen and everything returns to normal, the downturn will continue," Mosleh Uddin said.

Before the floods, Pran Dairy used to collect 2 lakh litres of milk every day from its 12,000 registered farmers. Now, the procurement has dropped to 150,000 litres.

Most flood-hit areas for the brand are Shahjadpur and Baghabari of Sirajganj, where collection and chilling centres have almost gone out of operation.

"Despite all the difficulties created by the floods, our staff are going to remote areas on rented boats or three-wheelers to collect milk so that farmers' sufferings ease," said Kamruzzaman Kamal, marketing director at Pran-RFL Group.

Milk collection by state-run Bangladesh Milk Producers Co-operative Union, popularly known as Milk Vita, has also decreased to about 1.10 lakh litres per day.

The company now sells about 90,000 litres daily. Before the natural disaster, it used to collect more than 1.5 lakh litres from 1.2 lakh farmers.

"Even after the shutdown, our milk collection was pretty good. But now the floods have brought down the collection significantly," said Omor Chan Bonik, managing director of Milk Vita, which increased the price of milk by Tk 2 per litre to help farmers during the pandemic.

Milk production hasn't decreased much, said Mohammad Imran Hossain, president of the Bangladesh Dairy Farmers' Association.

He went on to urge the milk processors to buy more milk from farmers.

Kamal of Pran-RFL urged the government to expand its support for the sector by increasing the number of veterinarians and other facilities.

"There is a high chance of attaining self-sufficiency in dairy production," he added.

Pandemic derailed development works. Planning minister is buckling down to get it back on track

FROM PAGE B1

Large projects that involve experts, engineers and workers from Japan and Italy have been affected by the pandemic as the two countries barred their citizens from going abroad.

"Coronavirus is a global crisis. This is not in our hands. But we will persuade the countries so that their citizens can rejoin the projects as quickly as possible," Mannan said.

The planning minister also touched upon procurement and over-pricing issues.

"The government has taken steps and things are improving. But things won't change overnight because replacing a system in the bureaucracy is difficult."

The government would ask secretaries to design a project and assess its viability

appropriately, he said.

In the last fiscal year, the Bridges Division was the top performer as it implemented 99.60 per cent of the ADP allocation, followed by the industries ministry at 99.2 per cent and defence ministry at 98.4 per cent.

The civil aviation and tourism ministry, the disaster management and relief ministry, and the agriculture ministry rounded off the top five spots. They managed to put to use 93 to 95 per cent of their budgets.

The worst-performers are the Internal Resources Division, which spent just 15.03 per cent of its allocation, the Statistics and Information Management Division (39.46 per cent), the Bangladesh Public Services Commission (45.64 per cent), the IMED (47.54 per cent) and the Anti-Corruption Commission (47.86 per cent).

Bangladesh leans to China for Teesta management amidst Indian neglect

FROM PAGE B1

The letter, signed by Khairun Nahar, the ministry's senior assistant chief, and sent on 23 July, also stated of plans to construct and commission a photovoltaic power plant under the project.

The development plans have been held back for a decade for a lack of funds.

Cooperation has been sought from development partners such as the World Bank and the Japan International Cooperation Agency but there has been no positive reply yet, said sources in the ministry.

However, some Chinese companies have already expressed their interest in implementing the project, they added.

In September 2016 a letter of intent had been signed between the Bangladesh Water Development Board and the Chinese state-owned Power Construction of China (Power China) under which the latter completed a feasibility study and prepared a master plan to implement the project.

However, a 2017 BBC report seemingly warned of "debt-trap diplomacy".

It reported a large group of researchers outside

China having compiled a major database detailing virtually all of China's aid to recipient countries.

Citing more than 5,000 projects found across 140 countries, it revealed that China and the US rivalled each other in terms of how much they offer to other countries.

At least a quarter of the money given out under the traditional definition of aid by Western industrialised nations represents a direct grant, not a loan that needs to be repaid.

That aid is given with the main goal of developing the economic development and welfare of recipient countries.

In contrast, only 21 per cent of the money that China gives to other countries can be considered as traditional aid. The "lion's share" of that money is given in commercial loans that have to be repaid to Beijing with interest.

The team's other major finding: when China gives out traditional aid, the recipient countries reap impressive economic rewards.

For a long period, there were suspicions that Chinese aid projects were only set up to benefit China; infrastructure projects built by imported Chinese workers, for instance, that

did little to improve the lives of people on the ground.

However, this research showed that China is just as capable of managing development aid projects as Western donors.

The researchers showed that both Beijing and Washington tend to offer money to countries which support them at the United Nations.

But for China, economics plays a key role: Beijing is often focused on promoting Chinese exports or market-rate loans where China wants to get the loan repaid with interest.

Moreover, though these Chinese loans are attractive for fewer strings being attached, in the case of Bangladesh there have been conditions for appointing Chinese contractors.

Several Chinese companies were interested in implementing this project but the Chinese government was yet to give a green signal, said Md Shahriar Kader Siddiky, joint secretary (Asia wing) to the ERD.

The ministry needs to fill up a Chinese application form seeking the loan, he said.

"We will send the documents to the Chinese embassy for including the project under applications seeking Chinese funds."

Pragati Insurance's financial reports fall foul of watchdog rules

FROM PAGE B4

The auditor, however, should have mentioned that the report did not depict the true picture of the company.

In the report, the auditor stated that they could not verify some of Pragati Insurance's assets' recognised values, which were material in amounts.

"Then how could the auditor justify its opinion about the fairness of the financial statements?" Ahmed questioned.

The FRC has now decided to review the audit file of the auditor to verify its justification behind its opinion and the procedure it followed.

Md Rezaul Karim, chief executive officer of Pragati Insurance, admitted that there

were some findings from the auditor that should have been addressed earlier.

"We have no bad intention. We have already decided to set aside the due part of our profits in the workers' profit participation and welfare fund as per rules."

He went on to blame the bedding in period for the company's chief financial officer for the discrepancy.

"Our CFO was newly appointed then, so it was quite tough to accommodate all the documents to the external auditor," Karim added. Shares of Pragati Insurance, which was listed with the Dhaka Stock Exchange in 1996, closed at Tk 51.50 yesterday, down 2.7 per cent from the previous trading session.

Come November, there will be more than 55 lakh tonnes of surplus rice

FROM PAGE B4

Razzaque said an adequate stock of food grains should be maintained to keep the market stable and ensure food security during the times of pandemic.

"We will need to distribute more rice under the social safety net schemes if the coronavirus situation lingers," he said.

Shamsul Alam, member of the General

Economics Division under the planning ministry, cited the incidence of rice price spiral after the harvest of boro paddy and raised questions about the accuracy of production estimates.

"We should follow market signals. We must make preparations for import if prices of rice do not decline," he added.

The food office might be able to purchase

an additional five lakh tonnes of the grain in the rest of the period of the procurement programme, said Food Secretary Mosammat Nazmanara Khanum.

"The requirement of food distribution could be met until December by the present stock. We need to build up stock for the subsequent period for the sake of consumers," she added.

Cotton imports tipped to return to pre-pandemic levels by year-end

REFAYET ULLAH MIRDHA

Cotton imports witnessed a slump for the first time in over a decade last fiscal year due to a fall in demand from local mills amid a stunning drop in apparel work orders for the global coronavirus pandemic.

In fiscal 2019-20, Bangladesh imported 7.1 million bales of cotton, down 13.4 per cent from a year earlier, according to data from the Bangladesh Textile Mills Association (BTMA).

As in previous years, cotton imports were on the rise up until February due to the high demand for yarn and other fabrics from garment exporters.

However, imports crashed from then onwards as most garment factories were shut down after the government declared a two-month 'general holiday' on 26 March aimed at curbing the spread of coronavirus.

As a result, most spinning and weaving mills were also shuttered during the March-June period.

When the nationwide lockdown eventually came to an end on May 30, most mills resumed operations with previous stocks of cotton rather than importing more despite the significant fall in price for the cellulose fibre at international

markets.

Cotton is now trading at between \$0.62 to \$0.64 per pound in the New York Futures markets, down from the previous range of \$0.70 to \$0.75 during pre-pandemic times.

Almost all of Bangladesh's domestic demand for cotton is met through imports as local growers can only supply less than 3 per cent of the country's annual demand.

Both the import and consumption of cotton in Bangladesh had risen steadily for the past decade as the country's thriving garment sector has led to the formation of many strong backward linkage industries.

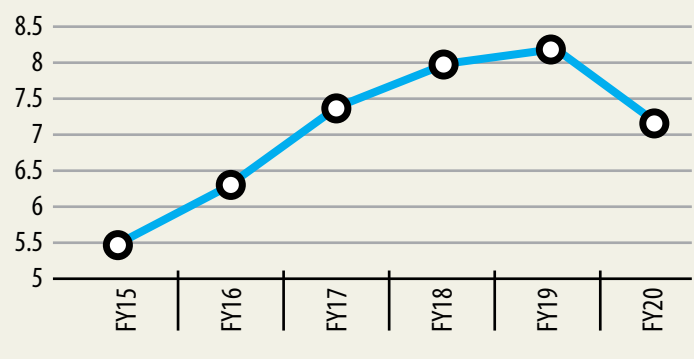
The garment sector has seen tremendous growth over the years as Bangladesh's status as a least-developed country allows its apparel products to enjoy duty-free access to many developing and developed nations.

"Since last month, the consumption of cotton started growing as garment factories resumed production after about three months," said Khorshed Alam, managing director of Little Group, a leading cotton importer and consumer.

Typically, Alam imports nearly 33,000 bales of cotton each year. One bale equals 480 pounds.

Cotton imports dropped off for the pandemic but not to the extent feared (in million bales)

SOURCE: BTMA



Millers used their previous stocks of cotton after reopening their factories following the lockdown.

Besides, many importers delayed releasing cotton shipment from the port amid the coronavirus outbreak.

Textile millers also faced other issues, such as having to preserve unsold stocks of yarn and other fabrics.

However, the previous inventory of such materials has emptied significantly due to the return of demand from garment manufacturers.

"So now, we will start importing

cotton again," Alam added.

The pandemic is the sole reason for the declining trend of cotton imports, said Razeeb Haider, managing director of Outpace Spinning Mills.

"I am very much hopeful that cotton imports will rise again soon as the demand for yarn and other fabrics has been increasing gradually," he added.

Most garment factories in Bangladesh are now running at 75 per cent of their total production capacity and this indicates that work orders are coming back.

The demand for various fabric materials could go even

higher after September if the international retailers continue to source their products from Bangladesh at the current pace, he added.

Echoing the sentiments of Alam and Haider, BTMA President Mohammad Ali Khokon said that more than 50 per cent of the annual sales target for fabrics had been met by July.

"I hope sales recover by more than 75 per cent by September and fully by the year-end."

By January next year, sales should return to its previous growth rate, Khokon added.

Of the \$8 billion invested in the primary textile sector, Tk 20,000 crore has already been lost to the coronavirus fallout, according to numerous millers.

About 11,000 micro, small, medium and large spinning, printing, dyeing and weaving mills were unable to produce any goods in March and April for fear of coronavirus contagion.

As a result, the millers missed two mega sales events, Pahela Baishakh and Eid-ul-Fitr.

Currently, there are about 450 spinning mills in the country while total investment in the sector stands at Tk 40,000 crore. Besides, Tk 30,000 crore has been invested in the weaving and dyeing sectors.

Mining at Maddhapara to resume after 132-day closure

OUR CORRESPONDENT, Dinajpur

Maddhapara Granite Mining Company (MGMC) is getting ready to resume operations after remaining closed since the imposition of the countrywide shutdown on 26 March.

But the pandemic took a heavy toll on the local workers, most of whom work on the "no work, no pay" basis.

MGMC plans to restart rock production on 15 August after remaining shut for 132 days.

"Production will resume within a week if everything goes according to plans," said ABM Kamruzzaman, managing director of the state-owned rock production company.

But to reopen the company, the local miners had to take to the streets. The shutdown rendered 800 Bangladesh miners jobless employed by Germania Trest Consortium (GTC), the contracting company of MGMC for production, maintenance and development.

MGMC in Parbatipur upazila of Dinajpur had about 7.5 lakh tonnes of rock in its stock in March, which came down to 1.5 lakh tonnes on 9 August, as the company restarted sales in May.



MADDHAPARA GRANITE MINING CO. LTD.

"We have been demanding reopening of the mine since May," said Khorshed Alam, president of the MGMC Miners' Association.

The miners used to gather in front of the company's gate and urged GTC to restart rock production so that they can earn something to feed their families, he said.

"But the company never paid heed to our call."

On 5 August, GTC allowed 800 miners to return to work thanks to the intervention of local lawmaker and former minister Mostafizur Rahman, Alam said.

MGMC signed a new six-year contract with GTC in September 2013 and the earlier contractor North Korea's Namnan handed over the mine to GTC in February 2014.

GTC's contract ended in February this year, but it got a one-year extension as it failed to reach the target of producing 9.2 million tonnes of rock.

MGMC has floated a tender to hire a new company for the mine. However, production at Barapukuria Coal Mining Company Ltd (BCMCL) in the same upazila has continued despite the pandemic.

China-based CMC-XMC Consortium, the contractor, kept the mine running by involving its 300 Chinese miners and by keeping away 1,147 local workers. In July, the company opened the door for 450 local miners.

Pragati Insurance's financial reports fall foul of watchdog rules

AHSAN HABIB

Anomalies in preparing financial reports of listed companies are not rare in Bangladesh and the authorities have tracked down yet another case.

After gross irregularities were detected in Pragati Insurance's financial statements for 2019, the Financial Reporting Council (FRC), the watchdog for financial reporting and auditing practices in Bangladesh, has decided to review the reports.

Hoda Vasi Chowdhury & Company, the auditor of Pragati Insurance, recently issued the auditor's report on financial statements and other issues in the annual report of the insurer that is listed with the Dhaka and Chattogram bourses.

The insurer announced 22 per cent cash dividend for the year on the basis of the financial report that will be published soon.

"Pragati Insurance has not followed the international financial reporting standards (IFRS) properly in preparation and presentation of the financial



statements," the auditor said in its report.

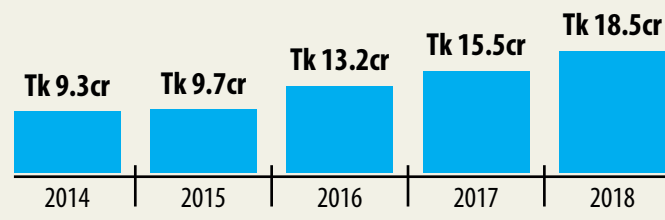
But all companies have to follow the standards as per the Bangladesh Securities and Exchange Commission Ordinance, 1969 and other laws of the country.

In addition, the insurer did not disclose the reconciliation of net income for non-cash items, non-operating items and net changes in operating accruals.

The auditor could not verify the accumulated liability for income tax charges for several years reported on 31 December 2019 at Tk 53.77 crore in the absence of relevant information.

"We are not aware of pending cases of assessment and related liabilities, disputed or agreed, as the related information was not made available for our review," the auditor said, adding that

PRAGATI INSURANCE SAW ITS PROFITS RISE STEADILY OVER THE YEARS



deferred tax has also not been calculated as required.

The auditor could not verify if the company has made investments in designated instruments and in the manner prescribed by the Insurance Development and Regulatory Authority (IDRA).

On the other hand, Pragati Insurance incurred management expenses including insurance commission in excess of the limit set by the IDRA.

The correctness of the net book balance of fixed assets as of 31 December 2019 amounting Tk

229.21 crore could not be verified due to the absence of necessary records, the auditor said.

"The insurer did not set aside the due part of its profits in relation to workers' profit participation and welfare fund as required under the Bangladesh Labour Act 2006 and did not also forward any justification in support of its inaction."

The payables against expense (withholding tax) and outstanding dividend are yet to be paid to the respective persons and authorities, the auditor said.

"On the other hand, there is

receivable from Jamuna Resort, which may not be realised."

The auditor found different types of reserves that the insurer created without any basis.

Reserves for exceptional loss are being carried in the company's books since long and the amount now stands at Tk 93.53 crore.

The amount has been charged to the profit and loss account and accordingly tax benefits have been availed under the income tax ordinance.

"However, there was no basis for such reserves as per the accounting standards."

Pragati Insurance did not explain to the auditor about the contingency reserve with the balance of Tk 10.58 crore that has been carried since 2000.

"It's good to see that auditors are now reporting such gross irregularities they find while conducting their statutory audits," said Sayeed Ahmed, executive director of the FRC, while commenting on the findings of Hoda Vasi Chowdhury & Company.

READ MORE ON B3

Come November, there will be more than 55 lakh tonnes of surplus rice

Still food ministry taking preparations to import grains to build up stock

STAR BUSINESS REPORT

Bangladesh will have more than 55 lakh tonnes of surplus rice after meeting the domestic demand at the end of November, according to a study by the Bangladesh Rice Research Institute (BRRI) unveiled yesterday.

The state agency sees no shortage of rice in the near future as aus harvest is ongoing and aman will hit the market in November-December. As the production of rice has increased, the country had two crore tonnes of rice in stock until June, the BRRI said.

The findings were shared by BRRI Director General Md Shahjahan Kabir at a webinar on whether Bangladesh was going to face any rice shortage in the short run amid the pandemic.

The BRRI said farmers have reaped benefits of the increased prices of paddy.

A tendency is growing among farmers to hoard paddy this year because of the fear of food shortages and expectations of higher prices in the days ahead, Kabir said.

The BRRI expects that aus rice production would not be less than 30 lakh tonnes though floods have damaged crops on 30,000 hectares.

The findings come at the time when the food ministry is preparing to import the staple to keep the public stock intact.

The present stock of 12.5 lakh tonnes of rice and wheat is set to exhaust by December owing to the government's food distribution and other social safety net programmes.

The food ministry is mulling over importing the grain amid sluggish progress in the procurement of rice and paddy due to a lack of interest among millers and farmers to



supply the cereal to public warehouses.

Until now, the government's food office could meet 20 per cent of its paddy procurement target of eight lakh tonnes and 45 per cent of its rice procurement target of 11.5 lakh tonnes. And by the looks of things, it is assumed that the target of paddy procurement is unlikely to be achieved within the deadline of 31 August.

So, there will be a shortage of rice that is expected to be met through paddy procurement, said Food Minister Sadhan Chandra Majumder at the event.

"We have taken preparations to import to maintain an adequate stock such that the market remains stable," he said, adding that businesses might hike the prices of the grain if public food stock depletes. Some traders are waiting in the wings to increase the prices but the government will not let it happen.

"We have taken all the preparations to stay clear of a crisis like the acute shortage of onion that the nation endured last year," he added.

Prolonged floods damaged transplanted aman seedlings along with a portion of standing aus crop, said Agriculture Minister Muhammad Abdur Razaque.

Uncertainty about the amount of aus production, fear centring a low yield of aman and a spike in prices have created concerns among people, the minister said.

"We will import rice in a small quantity if aman cultivation suffers," he said, adding that the agriculture ministry took measures to increase the production of aman and support flood-affected farmers so that they can grow rice and other crops.

READ MORE ON B3